

What is Employers' Liability Compulsory Insurance?

Employers' Liability Compulsory Insurance (or ELCI for short) is basically an insurance policy which employers must take out with authorised insurance companies to cover their employees for bodily injury or disease sustained in the course of their employment.

Do all employers have to have this insurance?

In general, if you employ staff in a business the answer is "yes" but there are certain exceptions (see below).

What is a "Business"?

A "business" includes any trade or profession or any activity carried on by a body of people. So it would include normal manufacturing and commercial activities and also activities such as sports and social clubs. **It does not, however, include domestic service.**

So who doesn't require ELCI?

Employers who **do not** require ELCI are:-

- local authorities (other than Parish Councils)
- joint boards or committees whose members include members of local authorities
- police authorities
- nationalised industries or their subsidiaries
- certain bodies which are financed out of public funds
- employers of crews on offshore installations, ships or hovercraft, if they are covered instead with a mutual insurance association of ship owners or ship owners and others
- a health service body or NHS Trust

Who are classed as "Employees"?

"Employees" are defined as anyone who has entered into or works under a contract of service or apprenticeship with an employer. The contract may be for manual labour, clerical work or otherwise, it may be written or verbal and it may be for full time or part time work.

Persons who are not classed as employees and, therefore, are exempt are:

- persons who are **not employees** (for example independent contractors who are not the employees of the person engaging them);
- people employed in any activity which is not a business (e.g. domestic servants);
- people who are related to the employer - husband, wife, father, mother, grandfather, grandmother, stepfather, stepmother, son, daughter, grandson, granddaughter, stepson, stepdaughter, brother sister, half-brother or half-sister; and
- people who are not normally resident in Great Britain and who are working here for fewer than 14 consecutive days.

When taking out insurance what do I have to tell the Insurance Company?

You must give the insurance company full details of your business, what it involves, how many staff you employ, what jobs they do, etc. The contract with the insurance company will be based on this information. You should also inform them of any changes that you have made to your business. If the information is not accurate or the questions have been incorrectly answered the policy may not cover all your business activities and may, therefore, be void. In such circumstances you may be liable to prosecution.

How much cover must I have?

The policy must provide for at least £2 million in respect of claims arising out of any one occurrence.

What else must I do?

Once you have taken out your ELCI your insurer will provide you with a certificate of insurance and you are required to display this on you premises. If you have more than one place of business it must be displayed at each address for the information of your employees.

Will anyone inspect my insurance?

Yes. An authorised officer (that is an inspector from the Health & Safety Executive who has been specifically authorised under the Employers' Liability (Compulsory Insurance) Act, 1969) has the power to:

- require an employer to send the certificate, or a copy of it, to him/her for inspection;
- require an employer to produce the current certificate or a copy of it on demand; and
- require an employer to allow him/her to inspect the current policy or a copy of it.

The inspector will give the employer reasonable notice of the requirement for inspection of the certificate either at the place of business or the registered office.

What will happen if I don't have ELCI?

Failing to have ELCI or to display a certificate or failing to produce the certificate to an authorised inspector is an offence and the penalties, on conviction, are as follows:

- Failing to have Compulsory Insurance Up to **£2,500 per day**
- Failing to display a certificate, failing to send the certificate or a copy to an authorised inspector when required to do so or failing to produce a certificate or copy on demand to an authorised inspector
Up to **£1,000**

Where can I get more advice?

Contact the Health & Safety Executive (who enforce this Act) at Quay House, Quay Street, Manchester M3 3JB (Tel 0161-952-8200) and ask for the Employers' Liability Insurance Inspectors.